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RAPPORT



The Fine Art of Landing Government Contracts



*M*aking sure that Nova Scotian companies get their share of defence department contracts is part of Clyde Beals' job at ACOA. "My office can save companies a lot of time by making them aware of the standards they have to meet before they go through all the expense of preparing a bid," he says. Lately, Nova Scotian companies have learned that a successful bid can bring big dividends.

See *Capitalizing on Government Contracts*, page 4.



Atlantic Canada
Opportunities Agency

Vice President's Notebook



Wynne Potter, Vice-President
ACOA Nova Scotia

This issue of Rapport highlights ACOA's role as **advocate** for Atlantic Canada. Since we began, most of the attention we've received has focused on the Action Program. While this incentives program is an important investment tool, it is our role as "Atlantic lobbyists" we want to emphasize in this issue.

Our role is two fold. The first is to ensure the voice of Atlantic Canada is heard loud and clear in Ottawa whenever the government sits down to develop policies and programs.

The second role is to bring Atlantic Canadian suppliers to the attention of federal government purchasers. In particular, ACOA works directly with companies bidding on major government contracts, whether as prime contractors, subcontractors or suppliers. Recently, these efforts paid big dividends when Micronav Ltd. of Sydney was awarded a contract to supply microwave landing systems for 40 airports across Canada. The multi-million dollar contract will result in the creation of over 100 jobs, illustrating the enormous potential impact that this approach can have on economic development.

On another note, this issue of Rapport is the first since Peter Lesaux was appointed President of ACOA. We welcome Mr. Lesaux and look forward to the fresh perspective that his ideas and experience will bring to the Agency. 🐾

Looking Before They Leap: Entrepreneurs Do Their Homework

A good product, no matter how promising, is no guarantee of a profitable enterprise. To achieve economic success with a product, entrepreneurs must have a clear picture of how it will stand in the marketplace. So before business people jump into a venture with both feet, they do some homework.

Feasibility studies, marketing and business plans, financial projections, licensing opportunities, patent applications—although expensive, these kinds of studies give entrepreneurs a much clearer idea of which path their companies should follow. To help business people conduct studies, ACOA has committed just over a million dollars over the past year to help companies carry out investigations related to their businesses.

For Paula Taylor, Lois Stevenson and Rolland Gaudet, studies have either minimized the risk of their proposals or have helped bring their ideas to fruition.

The studies that Taylor and Stevenson had done are proof of the usefulness of such preliminary investigations.

Paula Taylor and partner David Power own The Dump Shop, a dump truck body manufacturing company newly opened in Dartmouth. Taylor and Power got the idea to invest in the shop after Power, who had previously worked at other truck body companies, realized there was room for another facility.

But the partners went ahead with The Dump Shop only after they hired a consulting firm to examine the marketability of such an establishment. ACOA contributed \$13,500 toward the cost of the \$18,000 feasibility study.

"It took one month to do the study," Taylor says, "and it turned up a demand in this area." With positive results to back their request, Taylor and Power then applied for ACOA assistance to set up the manufacturing facility in the Burnside Industrial Park.

For The Dump Shop, the feasibility study pointed to a viable enterprise. But not all studies are the bearers of good news.

Lois Stevenson's idea to become the Canadian distributor and manufacturer of **Flectalon**, a thermal insulation product

developed in Wales, looked promising. Even before she conducted the \$10,000 marketing study, towards which ACOA contributed \$7,500, the Wolfville entrepreneur had secured distribution and marketing rights on the U.K. product and the option on licensing rights to manufacture the product in North America.

"We were disappointed," says Stevenson of her initial reaction to the news. "But if the study had not been conducted," she adds, "we would have lost a great deal of money."

But the study showed that the market was too small to be profitable and that set-up costs were much higher than expected.

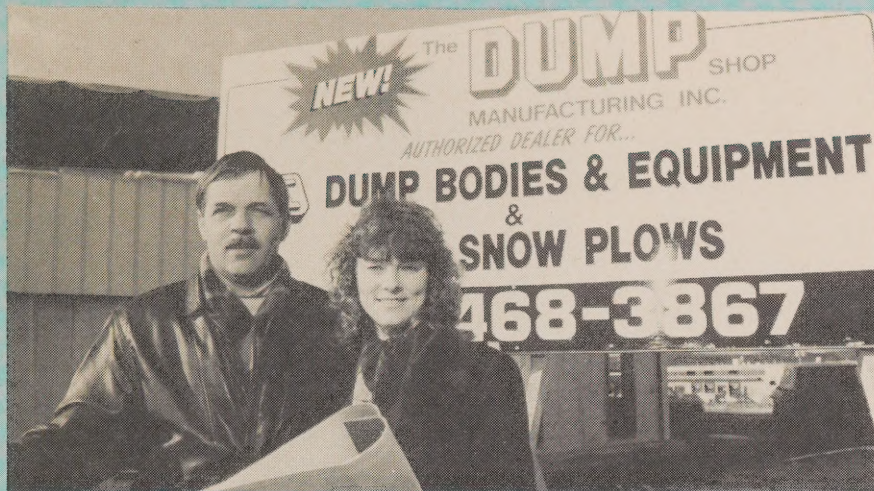
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The ACOA assistance earmarked for studies is used not only for market and financial research but also to improve productivity or to licence products. Rolland Gaudet, a Fall River engineer, received \$6,000 from ACOA to put toward the cost of obtaining a patent for his invention called Pad-Pro (plastic padlock protectors).

Gaudet says he got the idea for Pad-Pro after years of "continuous frustration" with frozen—and hence useless—padlocks on group mailboxes. So he designed and produced the mould for the protectors. He now has exclusive rights to the product in the United States and has applied for a Canadian patent. He will be stocking Pad-Pro at hardware, marine and specialty stores and is looking for more distributors throughout the Maritimes.

For Gaudet, getting his product patented and on the shelves required a prodigious amount of patience and planning. But studying and waiting for results are a fact of life for entrepreneurs. Extra time spent early may ensure success in the future.

Two projects that got the green light ... and one that didn't



For Paula Taylor and her partner, David Power, a study showed enough of a market to start a business.



For Roland Gaudet, patenting his lock protector took time and effort but was crucial to launching the product.



For Lois Stevenson, a study saved her from making the mistake of starting a company which would likely have failed. ♣

Micronav: Advocacy at Work

The August announcement that the federal government will install Microwave Landing Systems (MLS) at 40 airports across Canada was good news for Micronav Limited, the Sydney company that has developed the system. It was also good news for ACOA. The Agency was an active supporter of the project and it became a priority advocacy case, one that was promoted by ACOA staff in Ottawa, Halifax, Sydney and Moncton.

The Micronav contract is an important one for the company and for Cape Breton. "This kind of contract puts us in a strong position to compete on the international market," said Micronav president, Nick Coyle. "With a world market estimated at \$4 billion by 2010, this major piece of work will give us credibility and help us capture our share of the world market."

Micronav landing systems significantly advance the technology for precision approaches and landings. These systems will bring greater safety, efficiency and flexibility to air traffic operations and will be particularly useful in low visibility situations. MLS technology is, in fact, due to become the international standard. As of January 1, 1998, it will officially replace the Instrument Landing System, which is currently the world standard.

ACOA Minister, Elmer MacKay, said the Micronav contract illustrated a type of economic development that could be very effective. "With a major portion of the engineering, development and production to be done in Cape Breton, Atlantic Canada can become world competitors in this new multi-billion-dollar market," he said.

Micronav is one of only four companies worldwide (two others are in the United States and one is in France) which have designed, developed and are manufacturing MLS equipment to meet future world requirements. To date none of these companies have built more than a few systems each, most of which have been used in government test programs. ♣

Capitalizing on Government Contracts

At first glance, Clyde Beals doesn't look like the type of man who knows his way around an Armoured Personnel Carrier. Terms like ballistic steel and resistance to small arms fire seem a little out of place in Mr. Beals' well-kept office. But Clyde Beals knows the inside of a lot of weapons systems. It goes with the job.

"The fuel tank of an Armoured Personnel Carrier is not just your regular fuel tank. It has to sit exposed on top of the vehicle and be impervious to small arms fire," said Beals.

"There are a lot of companies in Nova Scotia who can make fuel tanks but not too many with the capabilities to meet those specifications. My office can save companies a lot of time by making them aware of the standards they have to meet before they go through all the expense of preparing a bid."

Making sure that Nova Scotian companies get their share of defence department contracts is just one part of Clyde Beals' job. Beals works for ACOA on federal procurement projects for Nova Scotia. His main task is getting procurement dollars spent in this province. To do this he must act as a go-between for Ottawa and Nova Scotian businesses. After seventeen years as a banker stationed in a dozen locations around the province, Beals knows most local business people on a first name basis. "There aren't many businesses in this province with whom I'm not familiar. I know what every business produces and what are their capabilities," says Beals.

"There's a big difference between civilian and military standards. NATO forces all conform to the same standards of quality control. One of our functions is to advise local business people about quality assurance and quality control so they can understand the complexities of competing for defence contracts," explains Beals.

Federal contracts are controlled in Ottawa by two committees. The

Procurement Review Committee (PRC) must approve all government purchases from \$2 million to \$100 million in value. The PRC has 10 members, including representatives from the Department of

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Supply and Services, Industry, Science and Technology Canada, and ACOA. ACOA's purpose on the board is to make sure that Atlantic Canadian companies are included in bids for government contracts.

"When a contract is in the works, there is a lot of frantic activity in my office. We only have about five days to make sure that everyone who is eligible gets their name on the bidders list. I have to look at what's needed to fill the contract and contact all the companies in the province who can meet the requirements. We help these companies by providing information about the goods and services to be purchased and encourage them to put a bid together and submit it before deadline. Our task requires constant communication with my counterparts in Ottawa," says Beals.

Purchases over \$100 million come under the scrutiny of the Senior Review Board (SRB), of which ACOA is also a member. Purchases of this size arise largely from the Department of Defence and Transport Canada and must be



Clyde Beals works with companies to capture a greater portion of the \$10 - \$12 billion the federal government spends each year on purchasing. Nova Scotia's share is increasing yearly as more of our companies provide the quality, price and delivery that government wants.



At ADIL, government contracts mean big business. The company is currently working on defence contracts for fuel tanks, pontoon bridges and load handling systems.

approved by the federal cabinet. Prime contracts worth hundreds of millions of dollars usually go to large corporations, but a lot of the work must be subcontracted out. ACOA advises the SRB what subcontracting is available in Atlantic Canada.

Beals stays on top of developments in military technology with the vengeance of an intelligence officer. A new anti-submarine helicopter ordered by the Department of Defence forced Beals to become knowledgeable about seven different helicopter operating systems.

"The hardest part of my job is understanding the nuts and bolts, but in order to get the word out to potential subcontractors I have to find what these systems are made of. That's not easy to do sometimes, because a lot of the information is highly technical. I try to get as much information as early as possible, in order to give my contacts an edge."

Beals spends a lot of his time promoting Nova Scotian businesses to companies from other parts of Canada. "Central Canadian companies aren't aware of the capabilities of industry in this part of the country. It's important to make them aware that our industry has the ability to compete for major government contracts," says Beals. 🍀

Contracts Make the Defence World Go Round

A lot of people are running around in orange hard hats at the ADIL plant in Bridgetown, Nova Scotia. Company vice president Ted Bartlett explains: "When we opened for business, we had a problem finding enough skilled labour. The people you see in orange hard hats are our welding trainees. Most of them were unskilled labourers last year. We give them formal classroom training and an apprenticeship here."

Atlantic Defence Industries Limited (ADIL) is a prime example of ACOA procurement in action. Since its inception 16 months ago, the large Bridgetown plant has been the subcontractor on a number of defence department contracts, including the construction of aluminum exterior fuel tanks for the M113 Armoured Personnel Carrier.

"We have three main contracts at

the moment, all defence related", says Bartlett. "Two are aluminum—the M113 fuel tanks and major components for a floating pontoon bridge. Our third line is steel—a load handling system mounted on a military truck chassis. By coincidence, the load handling system will be used to unload the pontoon bridges we're building, although they're totally unrelated contracts."

Bartlett, who joined ADIL a few months ago, credits ACOA for playing a big part in getting the company off the ground. "ACOA gave the company financial assistance when we were getting started," he says.

It was announced recently that ADIL's \$1,850,000 expansion project would receive a \$481,800 contribution from ACOA. The project is expected to create fifty new jobs, more than doubling ADIL's workforce.

The procurement of large government contracts is a fine art, as Bartlett readily admits. "You have to prove you're capable of being on the bidders list. You have to understand military specifications and prove you can meet the requirements." As the only company in Nova Scotia capable of manufacturing two inch ballistic aluminum, ADIL is in an excellent position to take advantage of ACOA's procurement initiatives.

Although ADIL won its current contracts without the help of ACOA, the company will benefit from the Agency's procurement efforts. The company is on eight or ten bidders lists at the moment. With deficit reduction being a major concern of the government, many of these contracts are up in the air. But there's little doubt that ADIL will benefit when the contracts are approved. 🍀

From California to Florida Via Nova Scotia



Picture a sea of black plastic rippling under the hot Florida sun. Beneath it, hundreds of thousands of bright green strawberry plants sprout handfulls of huge red berries. From November until early April, strawberries from these futuristic fields in Plant City, Florida, are shipped all over the continent, where berry-fanciers pay top dollar for that sweet mouthful of summer in the middle of winter. For the strawberries that show up in Nova Scotia stores it's a homecoming of sorts—their travels included a stay at Charlie Keddy's Annapolis Valley farm in Lakeville.

"Nova Scotia is ideally located to play a part in the international strawberry market," explains Keddy, "A winter, spent here helps break the disease cycle, and we don't have extreme heat in the growing season.

"Our plants are the most expensive in North America, but buyers keep coming back because of the superior quality. We can't keep up with the demand from Florida."

Keddy must start with seedlings from California, because it shares Florida's warm climate. "Depending on your distance from the equator," says Keddy, "you have to choose either a Northern variety or a Southern variety. The ones we grow for fruit here might do well in New

Zealand, which is about as far away from the equator as the Maritimes. But for Florida plants I have to get Southern varieties from California."

Charlie and his wife, Doris, bought their Annapolis Valley farm in 1977. By

1979, they were growing 300,000 strawberry plants. This year they'll sell between 10 and 12 million plants to domestic and American buyers.

The Keddys recently embarked on a \$250,000 expansion with ACOA assistance, building facilities for grading, processing, and packaging.

The expansion will help them meet the Florida market demand for plants. "We provide 14 to 16 weeks' work, but an expansion of our markets could bring that up to 25 or 30 weeks," says Keddy.

A key to the expansion of those markets is a process called micro propagation that could eliminate dependence on California for Southern varieties. It involves taking 10 to 15 plant cuttings through a process of test tube propagation. This process will yield 15,000 plants of good, clean stock.

"American growers will pay twice as much for our nursery stock as they will for something grown in their own state" . . .

But quantity isn't nearly as important as quality. Charlie Keddy gives much credit for his international reputation to the stringent certification procedures of the provincial Department of Agriculture. It takes five inspections to earn certification. "American growers will pay



These plants started life in California and will bear fruit in Florida. But it's the critical period they spend in Nova Scotia that makes them valuable.



Charlie Keddy's strawberry plants have a reputation for quality. It's taken many laboratory hours and rigorous field inspections to be the best, but the interest shown by strawberry growers around the globe makes it all worthwhile.

twice as much for our nursery stock as they will for something grown in their own state," says Keddy, "because they can see our plants have met tough standards."

Keddy would like to develop off-season markets in November and December, after the Florida rush is over. Finding them may not be too difficult. Enquiries have come from Alberta, British Columbia, Puerto Rico, Egypt, Lebanon and India.

As the word spreads through the global strawberry-growers' network about the superb plants from Charlie Keddy's Annapolis Valley farm, it seems certain that millions of consumers who dote on the delicious red fruit will be biting into a berry that's spent a season in the Nova Scotia sun. 🌞

Building a Business on Luck and a Trend

Energy efficiency was a seventies' trend that led us to turn down our thermostats, insulate, weatherstrip and shop for a different kind of product—one that reflected our new found energy awareness.

That trend turned out to be a godsend for a young company in Truro just entering the market with a then unknown product, "vinyl windows".

Rather quietly, Kohler International Limited has grown from a fledgling operation in 1981 with two full time and two part time employees to the biggest vinyl window company in Atlantic Canada, employing 60 and still growing.

Kohler windows come with energy saving options that make them among the most efficient vinyl windows on the commercial market.

Peter Kohler, the company's owner, says his early success as an entrepreneur was largely a result of incredible good luck. Kohler decided to start an insulation business after viewing a three minute clip on *The Fifth Estate* about making insulation from recycled newspaper. Being an environmentalist and an energy conservationist at heart, he found the idea appealing. Before long the idea materialized into a new company, just outside of Truro.

A year after the company produced its first batch of insulation the federal government announced an energy conservation program that offered home owners \$500 to install energy saving

modifications such as insulation. The new company went from operating three shifts a week to two a day and sailed through a recession that was eating up young companies across the continent.

The window manufacturing idea sprang out of a desire to diversify. Although neither Kohler nor his partner, John Ballard, knew anything about making windows, they were quick learners and hard workers.

The new company went from operating three shifts a week to two a day . . .

The misfortunes of another company played into their hands. The firm that was to supply the glass units for Kohler's windows went into receivership, and Kohler found himself in the position of having to buy someone else's company in order to start his own.

The day of the bid he strolled around the plant several times, a low and high offer in hand. He needed the plant, but dropped the low bid in the slot anyway. Thanks to the recession, he was the only bidder and consequently, the new owner of an insulated glass company, now called Kohler International Limited.

As fate would have it, interest rates plunged to pre-recession levels and the public began spending. The company's sales jumped from \$300,000 in the first year to \$1.3 million in the second.

At first glance this story seems to be about blind luck. But such is not the case.

Kohler is a skilled and educated individual; a tool and die maker by trade, an engineer by training. He came to Canada from Germany, intending to stay only two years to learn English. But he decided to remain and to enroll in Queens University to acquire training for Canadian accreditation.

Rather than accept a job that would keep him office-bound, he opted for positions offering experience on the production floor. By the time of his own business start-up, he'd had an inside look at a variety of companies.

"In our early days working until 11:00 at night was routine," says Kohler. Periods when sales tripled placed a great strain on the young company and its employees as they struggled to keep orders filled.

But today the window manufacturing plant produces thousands of custom-made commercial and residential windows with relative ease, and the company has just undertaken a \$500,000 expansion, assisted by ACOA.

It's been almost ten years since the company set out to make windows that worked well, cleaned easily and above all conserved energy. Kohler is proud of his product and the position it holds in the marketplace. It has been a lot of work but Kohler and his employees have enjoyed the experience. With a little luck the trend will continue. 🌞

ACOA Advisory Board Nova Scotia Members

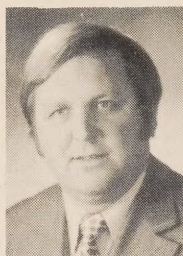
James R. (Pat) Ellis



Mr. Ellis, born in Sydney, Nova Scotia, resides in Halifax. Since retiring in 1984 from his position as Senior Vice-President, Atlantic Region, Bank of Montreal, Mr. Ellis has

remained very active in the business community. His community activities include being a member of the Canadian Advisory Board of Marsh and MacLennan Limited, Chairman of the Victoria General Hospital Foundation, and Vice-Chairman of the Board of Governors of Acadia University. Mr. Ellis is also past Vice-Chairman of the Province of Nova Scotia Voluntary Economic Planning Board, past Chairman of the Venture Capital Corporation, past Chairman of the Atlantic Enterprise Board. Mr. Ellis served as a member of the interim ACOA Board.

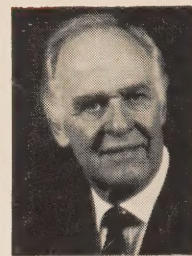
Joseph P. Stewart



Mr. Stewart, a native of Halifax, resides in New Glasgow. He is the owner of three restaurants, two in New Glasgow and one in Halifax. Mr. Stewart was commissioned in

1985 by the CNR and the federal government to study CNR activities in Eastern Nova Scotia. He has served on the executive of numerous sports associations, coached several sports teams and owned a senior hockey team in Pictou County. He also served as Vice-President for the Canadian Association for the Mentally Handicapped. Mr. Stewart served as a member of the interim ACOA Board.

Victor MacKay



Mr. MacKay was born in Truro, and now resides in Wolfville. He graduated from Acadia University in 1940. Mr. MacKay is the principal owner/operator of MacKay Real Estate

Ltd., Wolfville, and is currently serving a third consecutive term as Vice-Chairman of the Expropriation Compensation Board in Halifax. His community activities include fifteen years as Member of the Wolfville Rotary Club as well as serving terms as President, Member and Past President of the Annapolis Valley Affiliated Boards of Trade and Member of Acadia Associated Alumni Class of 1949.

Dorothy M. Sutherland



Mrs. Sutherland was born in Sydney, Nova Scotia, and now resides in Halifax. She is partner in MCS Ventures Ltd., a company which markets Canadian handcrafted

products. Extensively involved in early childhood education, she owned and operated a private kindergarten in Sydney for 15 years. Mrs. Sutherland is the Chairman of Public Relations, and a member of the Executive Committee of the Halifax Citadel Foundation and a Director of United Business of Nova Scotia Limited. She is also a past member, and former Director, of the Halifax Board of Trade, a former Governor of the Atlantic Provinces Economic Council, and a former Director of the Atlantic Provinces Chamber of Commerce and Canadian Chamber of Commerce. Mrs. Sutherland served as a member of the interim ACOA Board.

RAPPORT is a quarterly publication of ACOA Nova Scotia and Enterprise Cape Breton. It is designed to provide you with information on the activities undertaken by our organizations in cooperation with our clients. Simply put, Rapport highlights some of the ways we are "sharing the risk" with Atlantic Canadians to enhance the economy of our province.

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Feedback

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We've Moved

The Halifax Office of ACOA has moved from the Brewery Market at 1489 Hollis Street to the 6th and 7th floors of the Central Guaranty Trust Tower. Our new address is **Suite 600, 1801 Hollis Street, Halifax, N.S.**

Our telephone & fax numbers and mailing address remain the same.